



STATE HEALTH CARE EXPENDITURES

Experience from 2002

Released January 2004

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Chairman



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Acknowledgements

This report required the assistance of many individuals and offices in state government, private industry, and federal government. In particular, the Commission wishes to note special contributions from the following individuals and organizations: Patricia Holcomb, Office of Planning, Development and Finance, Maryland Department of Health and Mental Hygiene (DHMH) and Babi Lamba, Center for Health Program Development and Management, University of Maryland-Baltimore County provided Medicaid expenditure and enrollment information. Jim Johnson and Hank Fizer, Budget Management Office, DHMH, and Dr. Anthony Swetz, Maryland Department of Corrections, supplied information on government spending, while Estelle Apfelberg, Vital Statistics, DHMH, provided population statistics.

In constructing spending accounts of this complexity, the MHCC relied on estimates of private insurance expenditures supplied by Calvert Gorman and Robert Stolte, Maryland Insurance Administration. Jake Pyzik, Maryland Department of Budget Management, provided information on health insurance expenditure patterns for state employees. As in previous years, Maribel Franey at Centers for Medicare and Medicaid Services (CMS) assisted MHCC with the data use agreements that are necessary before Medicare information can be released. Leroy McKnight in the federal government's Office of Personnel Management supplied information on federal employees' insurance coverage. Richard D. Barnett (TRICARE Management Activity) provided spending information on CHAMPUS/TRICARE Programs and Sherri Dunford at the Veterans Administration provided similar spending data on VA Programs.

This year the MHCC made major modifications in the methodology for allocating private sector spending across services categories. Information from the Agency for Health Research and Quality's (AHRQ) Medical Expenditure Panel Survey was used extensively in this effort. Without the assistance of William Carroll, Karen Beauregard, and Ray Kuntz at AHRQ this major methodological improvement would not have been possible. We look forward to even greater collaboration in the future.

The development of the state health care expenditure analysis would not have been possible without the significant contributions of our consultants. This project was under the direction of Dr. Deborah Chollet, Mathematica Policy Research (MPR), Dr. Dean Farley, Healthcare Software Synergies, Inc. and Sophie Nemirovsky of Social and Scientific Systems (SSS). Dr. Eric Schone of MPR developed the new estimation algorithms for private sector spending using the MEPS data. Thomas Bell assisted by Laurie Hamilton, John May, Cindy Saontz Martinez, and Po-Lun Chou at SSS managed all data collection and reconciliation efforts that are the most critical aspect of SHEA development. Julie Kale-Jones and Lynn Clay of SSS managed the many documents associated with the project and assisted in the preparation of the report.

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Summary

This report, *State Health Care Expenditures: Experience from 2002*, contains information on total expenditures for the state by public and private sources for most types of personal health care services as well as administrative expenses and the net cost of private health insurance. In releasing this report, the Commission meets its mandate to report annually on the state's total reimbursement for health care services in accordance with health care reform legislation passed in 1993.

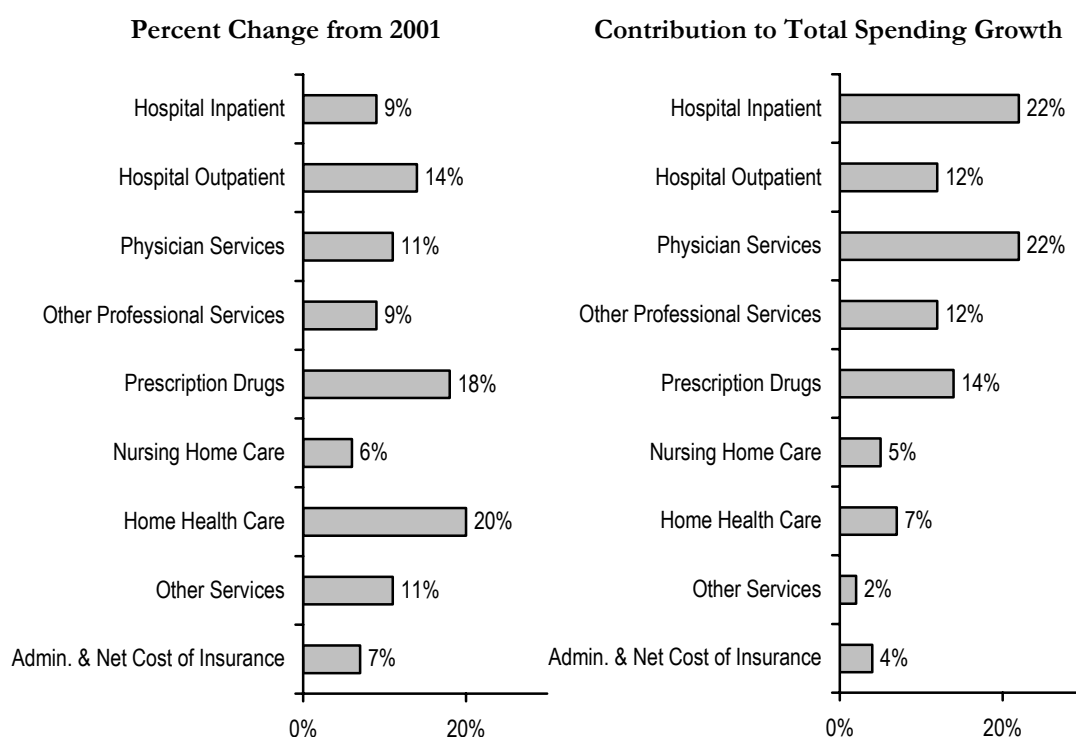
Total health care spending for Maryland residents increased to \$22.6 billion from \$20.4 billion in 2001. The 11 percent rate of growth in 2002 was 1 percentage point lower than the growth rate MHCC reported for 2001. The modest decline is consistent with recent national analyses that show slowed spending in 2002. The 2002 growth rate ends a three-year trend of ever accelerating growth: the rates jumped from 5 percent in 1999 to 8 percent in 2000 to 12 percent in 2001.¹ Maryland growth rates parallel, but exceed, the national rates that grew from 6 percent in 1999, climbed to 7 percent in 2000, jumped to 10 percent in 2001 and declined to 9 percent in 2002. Per capita spending, which measures spending change after absolute population increases have been removed, grew at a rate of 9 percent compared to the national increase of about 7 percent. The slightly smaller growth rate in health care spending in 2002, when viewed in conjunction with the changes MHCC reported in the previous three years, suggests that the rapid escalation in spending that began in 1999 may have peaked in 2001.

Hospital and professional services each account for about one third of total health care spending. Spending on hospital care, particularly outpatient services, continued rapid growth and totaled \$8.1 billion in 2002 with outpatient hospital care absorbing \$2.1 billion of that total. Spending on professional health care services reached \$4.8 billion for physician care and \$3.5 billion for other professional services. Prescription drug spending accounted for \$2.1 billion in spending or about 9 percent of total spending in 2002. Nursing home care totaled \$ 1.7 billion and together with home health care amounted to about 11 percent of health care spending. Third party payer expenses associated with plan administration and the net cost of private health insurance, which have been a topic of recent MHCC debate, accounted for about \$1.3 billion in health care spending.

Despite a slowing in the growth rate for 2002, the overall increase in health care expenditures of 11 percent is driven by a pattern of spending in which all service sectors experienced near double digit or greater percent increases. The only exception was nursing home care. Home health care (20 percent), prescription drugs (18 percent), and hospital outpatient services (14 percent) had the most rapid growth in spending. The prescription drug increase is on top of a 22 percent jump in 1999, a modest 11 percent increase in 2000, and a 14 percent increase in 2001. For 2002, third-party private

¹ Previous estimates are contained in *State Health Care Expenditures: Experience from 2001*, *State Health Care Expenditures: Experience from 2000*, and *State Health Care Expenditures: Experience from 1999*.

payers saw a jump of 16 percent in prescription drug spending, but consumer out-of-pocket spending ballooned by 24 percent. Recent changes in benefit design that raised copayments and introduced deductibles for prescription drugs probably played a role in the increase for consumers. As the size of service sectors varies greatly, rapid growth rates alone do not fully explain the overall spending increase in 2002. The important, but slower growing physician and hospital inpatient care sectors, which increased at rates of 11 percent and 9 percent respectively, accounted for 44 percent of added health care spending in 2002. By contrast, home health services, which increased by 20 percent, only accounted for 7 percent of the total spending increase; most of this increase was associated with a payment adjustment in Medicaid reimbursement.



The public sector's share of health care financing was nearly constant with the share reported in 2001, however the trend over the past eight years has been toward increasing public financing of health care. Medicare and Medicaid account for 40 percent of total health care spending, about the same share of total spending as all private third party coverage including commercial and non-profit insurers, health maintenance organizations (HMOs) and self-insured employer plans. In 2002, Medicare, the largest payer in the state, saw spending growth slow to about 6 percent. Total physician spending under Medicare grew by only 3 percent: the Centers for Medicare and Medicaid's 5 percent reduction in fees paid to physicians and other professionals appears to have played a significant part in the spending slowdown. Medicaid (13 percent) and private sector payers (12 percent) grew at double digit rates. Medicaid saw rapid increases in prescription drugs, physician services, and home health services; part of the physician and home health increases was due to the long sought fee increases for some services in these sectors.

Out-of-pocket spending, consisting of copayments, deductibles and full direct payments, grew at 15 percent, faster than spending for any third-party payer in 2002. The rapid growth in consumer out-of-pocket spending underscores the cost containment strategies of employers and other purchasers that seek to slow the rate of increase in premiums by shifting costs to consumers through higher copayments and deductibles. Out-of-pocket spending increases for prescription drugs (24 percent) and for outpatient services (25 percent) were far above the rate of growth for total consumer spending and exceeded the rates of increase that private third party payers experienced in these sectors.

The steady retreat from HMOs continued in 2002: only about 33 percent of the privately insured population was enrolled in HMOs. The 7 percent decline in private sector HMO enrollment in 2002 follows a decline of 9 percent in 2001 and smaller declines in the two preceding years. Over the past four years, private HMO enrollment has dropped by nearly 25 percent. Enrollments in Medicaid's HealthChoice and Medicare+Choice were up somewhat from 2001 levels. The Medicare reforms passed in late 2003 will likely trigger a resurgence of managed care offerings to seniors.²

Declines in HMO enrollment represent significant reductions, but the impact on payers appears to be limited. In the wake of recent market consolidations, virtually all of the major payers offer a range of products from pure indemnity to HMOs to the new consumer-directed products. Most can deliver these products via a range of self-insured, partially insured, and fully insured arrangements. Given the flexibility of approaches, the largest payers have been little affected by recent shifts away from tightly managed care, since many simply shift purchasers that seek more choice from HMOs to PPOs or other hybrid products.

The recent period of accelerating health care cost has provoked concern about the affordability of health care coverage. Recent spending increases have triggered significant premium³ increases here and across the nation. An MHCC analysis of Medical Expenditure Panel Survey - Insurance Component (MEPS-IC) information for 2001 (the most recent available) shows premiums on the products actually purchased by smaller employers (under 100 employees) in Maryland are comparable or in some instances lower than in neighboring states, while products purchased by larger employers (100 employees or more) are about equal or somewhat higher. Although these initial comparisons do not account for differences in benefit design or state insurance mandates, the results from the MEPS suggest that the products that the typical Maryland employer buys compares very favorable in price to what's purchased in neighboring jurisdictions.

² President Bush signed the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (PL 108-173) on December 8, 2003. The act will add a limited prescription drug benefit to Medicare benefits and will provide some incentives for seniors to join private health plans.

³ Kaiser Family Foundation, Employer Health Benefits 2003 Annual Survey, Kaiser Family Foundation, 2003 reported that private sector premiums grew at 12-14 percent from 2002-2003. Information available at <http://www.kff.org/insurance/ehbs2003-abstract.cfm>. Milliman USA predicted the rate of increase for HMOs nationally in 2003 was 11-16 percent, www.milliman.com. Hewitt & Associates estimated that premiums jumped 14.7 percent in 2003 available at www.hewitt.com

State Health Care Expenditures

A basic mission of the Maryland Health Care Commission (MHCC) is the dissemination of information to monitor the health care market in Maryland; such information prominently includes the level and growth of health care spending. This report provides information about the level and patterns of health care expenditures by Maryland residents in 2002, and how they differ from those in 2001. It was developed to meet the requirement under Health-General Article, §19-134(g), which directs the MHCC to report annually on total payments in the state for health care services. The estimates provided in this report will help users to understand how aggregate health care spending changed between 2001 and 2002, and how spending levels and rates of change differed among service categories and the major payer groups in Maryland's health care system. (Numbers in the figures and tables may not add to totals due to rounding.)

This year's report reflects a number of methodological changes designed to improve estimates of private insurance spending and out-of-pocket spending.⁴ In conjunction with the methodological changes, the regional spending estimates have been eliminated from the report. These improvements are intended to support presentation of a more consistent series of information about nongovernmental health care spending in Maryland in future reports, and to eliminate presentation of information considered to be methodologically weaker and of less value to users. This year's report also introduces a new section describing levels and changes in health insurance premiums paid by Maryland employers. In making methodological improvements and in providing new estimates of group health insurance premium trends, MHCC hopes to address the information needs of the various stakeholders in Maryland's health care system more effectively.

⁴ See http://www.mhcc.state.md.us/health_care_expenditures/sheca02/technicalnotes.pdf for additional details.

HOW MUCH DID MARYLAND SPEND FOR HEALTH CARE?

In 2002, Maryland residents spent \$22.6 billion for health care services, including administration and the net cost of private health insurance, approximately \$4,146 per person. Both estimates of spending in Maryland represent significant increases over 2001. Total health care spending increased 10.8 percent in 2002, and health care spending per capita increased 9.4 percent. Nevertheless, Maryland residents continued to spend less than the U.S. projected average of \$4,484 per capita in 2002.⁵

Figure 1: Total Health Care Expenditures in Maryland, 2001 and 2002 (\$ millions)

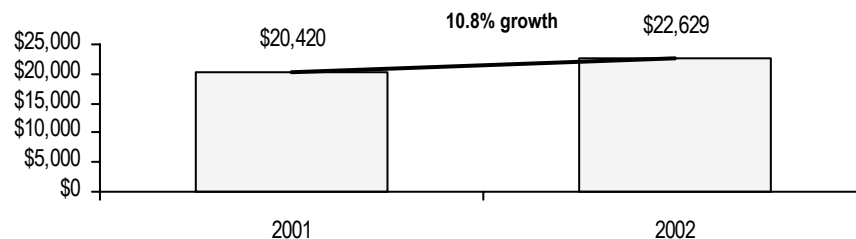
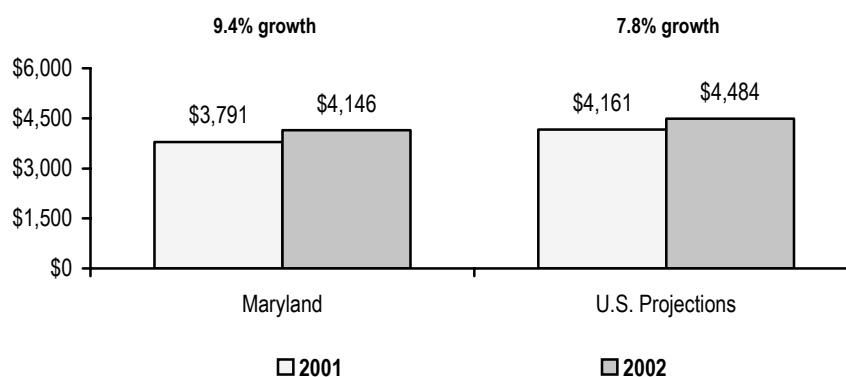


Figure 2: Per Capita Health Care Expenditures in Maryland and the U.S., 2001 and 2002



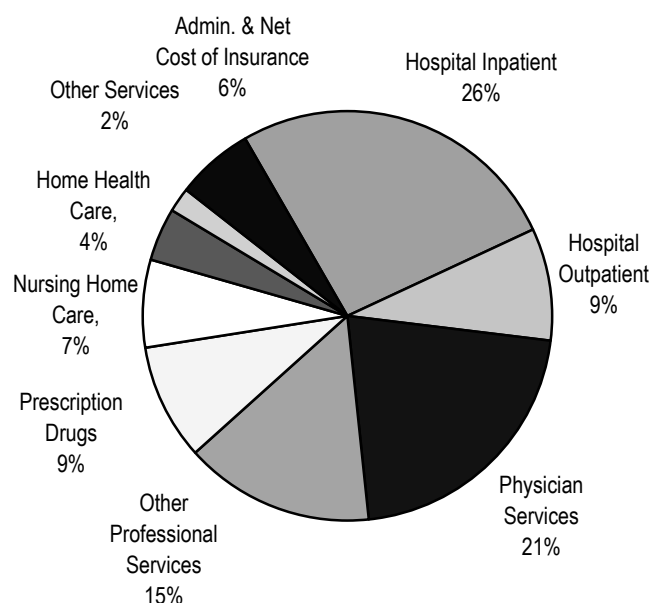
⁵ All national health expenditure (NHE) estimates and projections referred to in this report are developed by the Centers for Medicare and Medicaid Services, Office of the Actuary. For the purpose of comparison, the NHE estimates are adjusted to parallel Maryland State Health Expenditure Account (SHEA) sources of payment and service types. For details see http://www.mhcc.state.md.us/health_care_expenditures/she02/technicalnotes.pdf.

HOW WERE MARYLAND'S HEALTH CARE DOLLARS SPENT?

More than one-third of Maryland's health care dollars were spent on hospital care. In 2002, inpatient hospital care accounted for 26 percent of total health care spending; outpatient hospital care accounted for 9 percent. Physician services accounted for 21 percent of total spending, while other professional services accounted for 15 percent. In total, Marylanders spent over \$8.0 billion for inpatient and outpatient hospital care, \$4.8 billion for physician services, and \$3.5 billion for other professional services.

Spending for prescription drugs in Maryland totaled \$2.1 billion in 2002, 9 percent of total health care spending and slightly lower than total spending for outpatient hospital care. Administrative costs, including the net cost of private health insurance, accounted for 6 percent of total health care spending in 2002.

Figure 3: Total Spending in Maryland by Type of Service, 2002



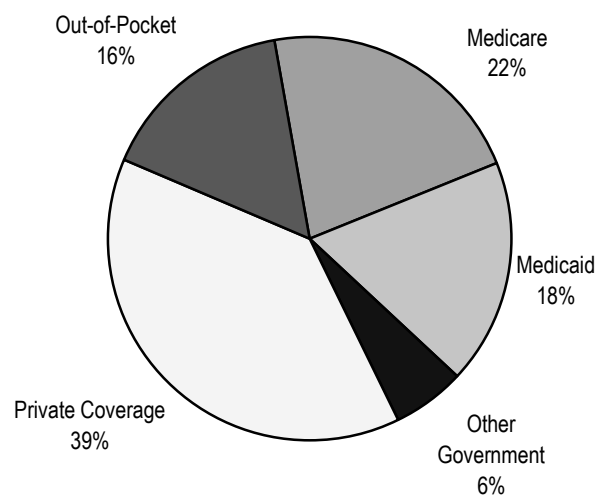
Historically, the distribution of spending by service category in Maryland has largely mirrored the national distribution. However, differential growth in some sectors has caused Maryland's pattern of health expenditures to diverge from the national average in several ways. In 2002, Marylanders' spent a larger share of their health care dollars for hospital care and non-physician professional services (respectively, about 2 and 7 percentage points above the national

percentages). Marylanders also spent more for home health care (by 1 percentage point), but less for the administration of insurance. In general, these differences are consistent with Medicare being a much larger payer in Maryland (by 2 percentage points) than the nation as a whole, as described below.

HOW IS MARYLAND'S HEALTH CARE PAID FOR?

Though most Maryland residents have some form of private health insurance, expenditures covered by insurance are almost evenly divided between the public and private sectors. Medicare, the federal program that finances care for the elderly and disabled, is the largest single source of payment. In 2002, Medicare accounted for 22 percent of all health care expenditures. Medicaid, the state program that finances care for low-income Marylanders in certain eligibility categories, accounted for 18 percent of health care expenditures. Medicare and Medicaid combined accounted for 40 percent of health care expenditures in 2002, compared to 39 percent paid by private insurance arrangements—including commercial insurance, Health Maintenance Organizations (HMOs), and self-insured employer plans. The disproportionately large share of spending borne by Medicare and Medicaid, relative to the number of enrollees in their programs, largely reflects the greater health care needs of a significant portion of their beneficiaries, and, in the case of Medicaid, a broad range of health care benefits not available through private insurers.

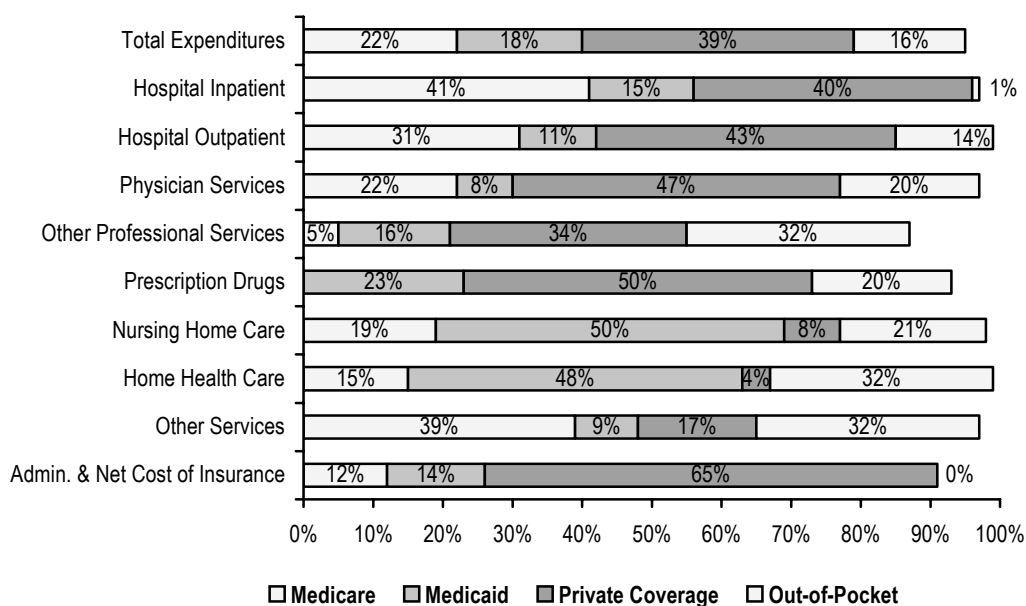
Figure 4: Total Health Care Expenditures in Maryland by Source of Payment, 2002



Because Maryland's various payers serve different populations and provide different coverage for some health care services, their importance in financing health care varies by type of service. Public programs are the largest source of payment for inpatient hospital care, nursing home care, and home health care. In 2002, they financed 59 percent of inpatient hospital care, 71 percent of nursing home care, and 64 percent of home health care.

Medicare is the largest source of public funding for inpatient hospital care. In 2002, Medicare paid 41 percent of all expenditures for inpatient hospital care, about the same as paid by all private insurance. In contrast, Medicaid is the state's largest source of payment for nursing home and home health care, accounting for 50 percent of expenditures for nursing home care and 48 percent of expenditures for home health care in 2002.

Figure 5: Percent of Expenditures for Major Types of Service by Source of Payment, 2002



Note: Other Government is excluded, so the percentages in each bar do not sum to 100 percent.

Private payers, including private insurance and consumer out-of-pocket spending, are the dominant source of payment for outpatient care, physician and other professional services, and prescription drugs. In 2002, private insurance and consumer direct payments financed 56 percent of total spending for hospital outpatient services, 67 percent of spending for physician services, 66 percent for other professional services, and 70 percent of spending for prescription drugs. Private insurance financed 50 percent of Marylanders' expenditures for prescription drugs.

While private insurance accounts for just 46 percent of all third-party spending, it is the largest source of payer administrative cost: 65 percent of all insurer administrative cost in Maryland was related to private insurance. By comparison, Medicare and Medicaid, which operate with much lower administrative cost than private insurance, accounted for 12 and 14 percent of total payer administrative cost, respectively. Administrative expenses represent 10 percent of all privately insured spending, compared to 4 percent of Medicaid and 3 percent of Medicare.

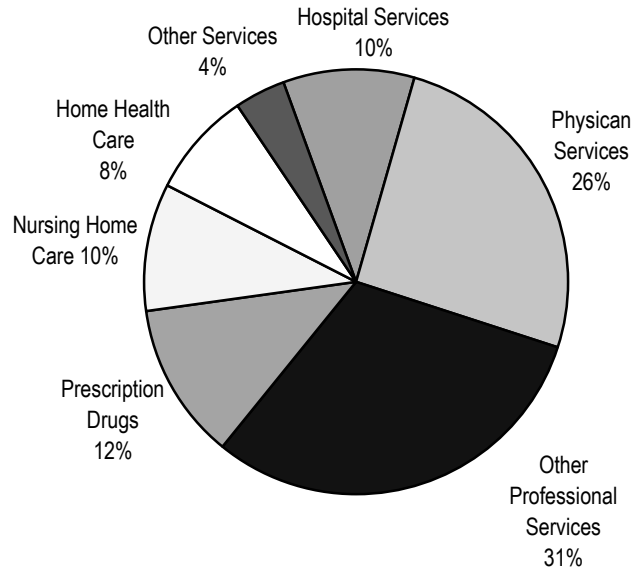
Private insurers' higher administrative costs relate to the costs of marketing and servicing multiple product lines in the large group, small group, and individual markets. Some also may have less efficient claims operations than public insurance programs and may be unable to operate on a scale that is large enough to be efficient. For example, in Maryland, Medicare receives almost 90 percent of professional claims via electronic data interchange (EDI), while private insurers receive only about 50 percent via EDI. Private insurers' higher proportion of paper claims adds to their administrative expense.⁶

In total, Marylanders paid 16 percent of all expenditures out-of-pocket in 2002. However, reflecting both broad participation in government programs and private insurance and the design of private and public insurance coverage, the proportion of costs paid out-of-pocket differed markedly for different types of services (Supporting Table 8). Less than 1 percent of the costs of inpatient care were paid out-of-pocket in 2002, due to the extensive coverage for hospital inpatient care that both public programs and private insurance plans provided. In contrast, Marylanders paid out-of-pocket 32 percent of the costs of non-physician professional services (including dental and vision services, and other professional services), home health care, and other services. For other major service types—hospital outpatient care, physician services, prescription drugs, and nursing home care—they paid from 14 to 21 percent of expenditures out-of-pocket.

The distribution of consumer out-of-pocket spending across service types in general reflects the design of private insurance plans. Sixty nine percent of out-of-pocket expenditures were associated with three service areas: physician services (26 percent), other professional services (31 percent), and prescription drugs (12 percent). However, long-term care expenditures also were a significant source of out-of-pocket spending: nursing home and home health care together accounted for 18 percent of Marylanders' total out-of-pocket spending for health care in 2002.

⁶ Maryland Health Care Commission, *EDI Progress Report for 2002, Baltimore, MD 2003* (<http://www.mbcc.state.md.us/edi/ediprogess/2002ediprogessrpt.pdf>)

Figure 6: Out-of-Pocket Spending by Type of Service, 2002

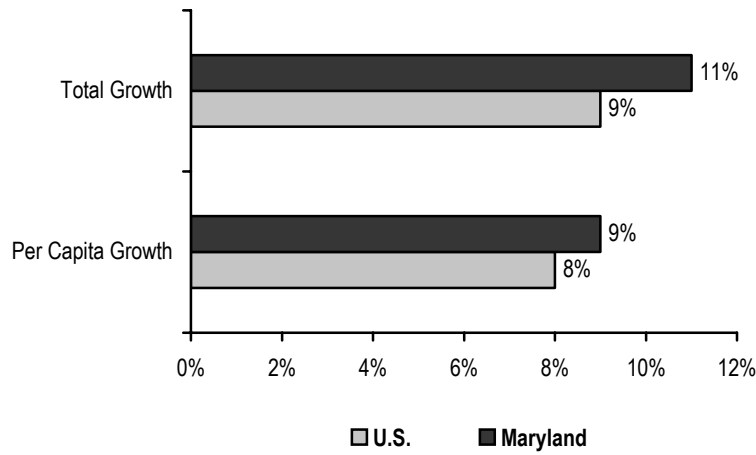


HOW MUCH DID HEALTH CARE EXPENDITURES GROW IN MARYLAND?

Total health care spending in Maryland grew by 11 percent in 2002, compared to nearly 9 percent for the United States as a whole. Maryland's faster growth of total health care expenditures was due in part to the state's faster rate of population growth.⁷ However, Maryland's health care expenditure per capita rose by more than 9 percent in 2002, faster than the U.S. rate of 8 percent. Maryland's higher rate of spending growth, both overall and per capita, is largely attributable to its higher rate of private insurance coverage and faster spending growth in that sector, as well as faster spending growth in Medicaid, compared to the national rates for these sectors.

⁷ Maryland's population grew 1.25 percent, compared to 1.01 percent nationally, between 2001 and 2002. (U.S. Bureau of the Census, <http://cerc.census.gov/popest/data/states/tables/NST-EST2003-01.php>).

Figure 7: Growth in Total and Per Capita Spending in Maryland and the U.S., 2001-2002



The acceleration of expenditures for health care in 2002 is a continuation of the cost trend since 1999. The growth of health care spending in Maryland has been broadly consistent with national trends, but for the last several years it has accelerated more sharply than national totals. Maryland's 10.8 percent increase in 2002 follows 11.8 percent growth in 2001, 8.4 percent in 2000, and 4.6 percent in 1999. Nationally, the 8.8 percent growth in health care spending in 2002 follows growth of 9.0 percent in 2001, 7.4 percent in 2000, and 5.7 percent in 1999.

WHAT TYPES OF SERVICES ACCOUNTED FOR THE GROWTH IN EXPENDITURES?

While total expenditures in Maryland grew by 11 percent in 2002, expenditures for two service types grew much faster. Spending for prescription drugs (more than half of which was financed by private insurance or out-of-pocket) grew 18 percent in 2002, nearly twice as fast as the growth in spending for hospital care and physician services (10 to 11 percent). In 2002, Payers and residents in Maryland spent \$313 million more for prescription drugs than they had in 2001. Spending for home health care services—a much smaller component of total health care spending—also increased sharply in 2002 (by 20 percent), largely reflecting an adjustment in Medicaid reimbursement rates for home health care services during the year. Expenditure growth for both service types substantially exceeded the national rates of increase in 2002.⁸

⁸ National spending for prescription drugs increased 14 percent in 2002, and spending for home health increased 9 percent.

Figure 8: Percent Change in Total Expenditures by Type of Service, 2001-2002

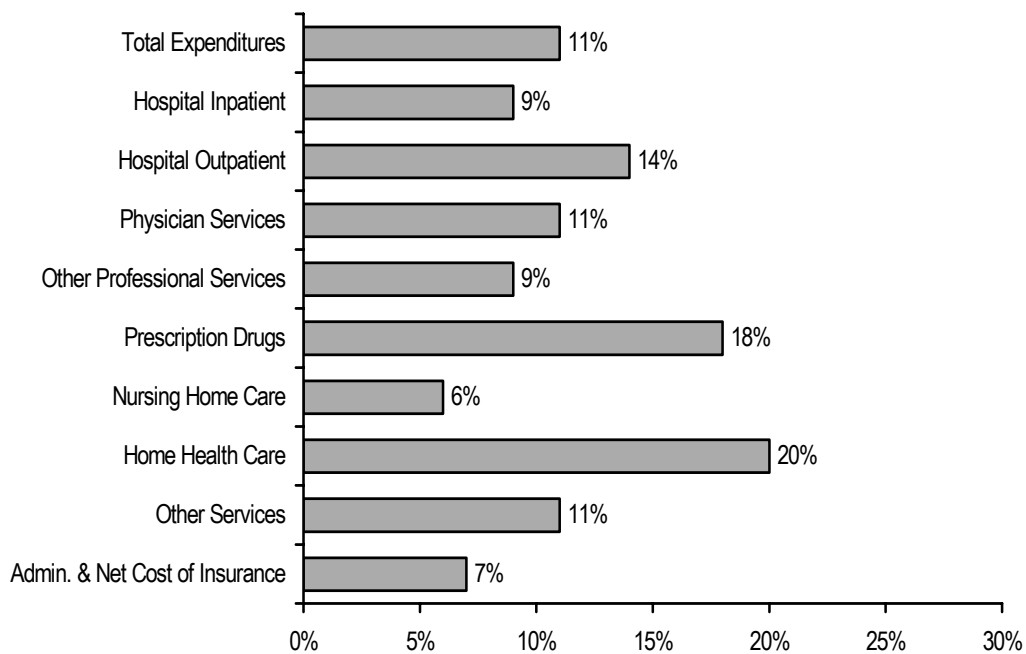
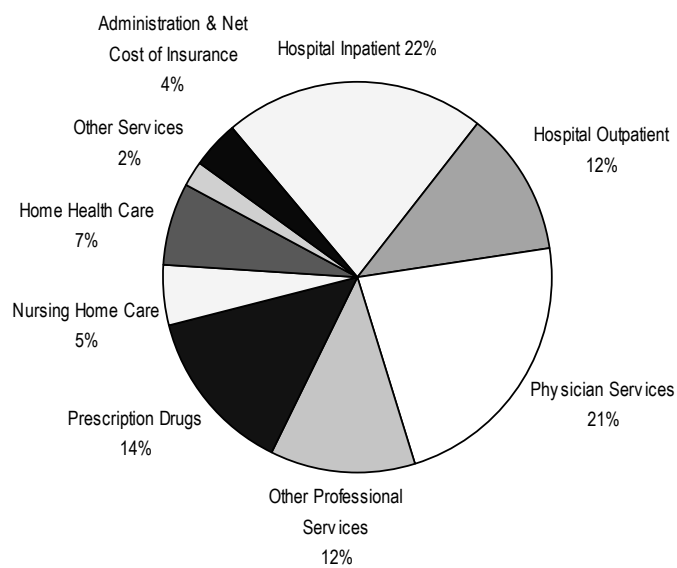


Figure 9: Growth in Expenditures by Type of Service as a Percent of Total Growth, 2002

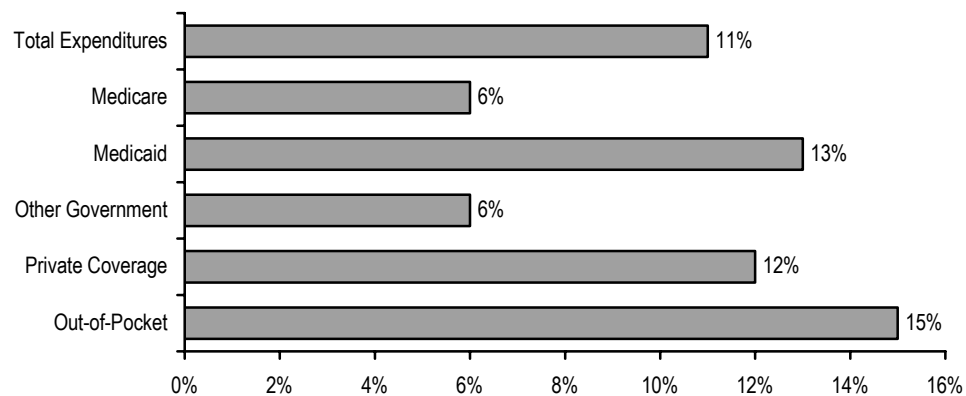


Expenditures for hospital, physician, and other professional services each grew 9 to 11 percent in 2002—faster than comparable national averages.⁹ The importance of these service types in Maryland’s total spending for health care means that even modest growth in these sectors contributes significantly to overall expenditure growth. In 2002, growth in spending for hospital, physician, and other professional services accounted for 69 percent of total spending growth in Maryland. The much faster growth in spending for prescription drugs and nursing homes accounted for 14 and 7 percent of the growth in total expenditures, respectively.

WHAT PAYERS ACCOUNTED FOR MOST OF THE GROWTH IN EXPENDITURES?

In 2002, Medicaid and private insurance expenditures grew faster than expenditures by Medicare. Medicare spent just 6 percent more in 2002 than in 2001, while Medicaid spending increased by 13 percent and private insurance expenditures grew nearly 12 percent. This differential in part reflects escalating spending for prescription drugs in Medicaid and private insurance; Medicare does not yet cover prescription drugs.

Figure 10: Percent Growth in Total Expenditures by Source of Payment, 2001-2002



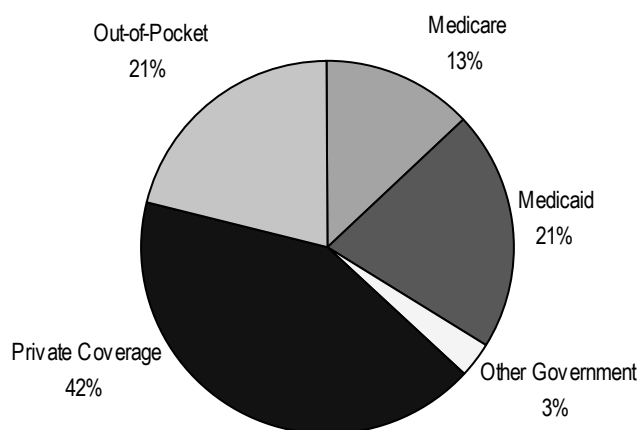
However, the largest increase in expenditures was borne by consumers directly. Out-of-pocket spending increased 15 percent in 2002—faster than for any third-party payer group in the state.

⁹ By comparison, national spending for hospital care grew an estimated 7.4 percent in 2002, spending for physician and clinical services grew 6.5 percent, and spending for other professional services grew 6.4 percent.

This increase in consumers' direct exposure to health care costs potentially reflects both the loss of private insurance coverage in a weakening economy¹⁰ and increased cost-sharing in private insurance plans.

Reflecting both its importance as a payer for health care services in Maryland and relatively fast expenditure growth, private insurance accounted for the largest share of total expenditure growth (42 percent) in 2002. Taken together, Medicare and Medicaid accounted for 34 percent of the expenditure growth, although about two-thirds of this increased spending was associated with Medicaid. Consumers paid 20 percent of the additional expenditures out-of-pocket in 2002.

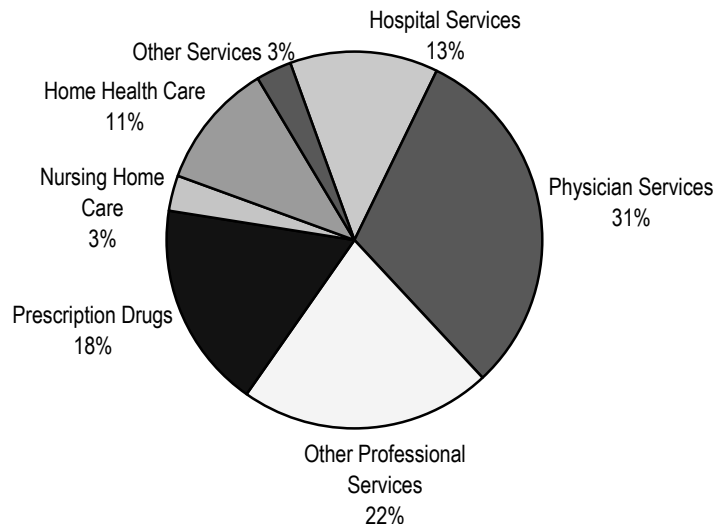
Figure 11: Growth in Expenditures by Source of Payment as a Percent of Total Growth, 2002



Maryland's third-party payers experienced different rates of growth in expenditures for particular service types. Higher spending for hospital care (especially inpatient) and physician services accounted for 80 percent of Medicare's additional expenditures in 2002, as well as 66 percent of the additional expenditures financed by private insurance. In contrast, higher expenditures for inpatient hospital care, nursing home care, and home health care accounted for most of the growth in Medicaid expenditures (53 percent) in 2002.

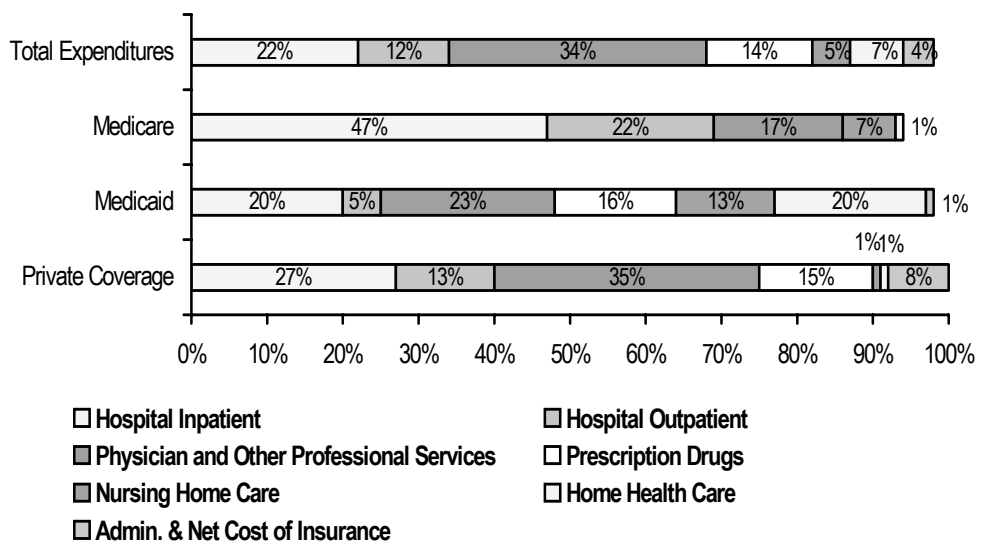
¹⁰ MHCC (2003). *Health Insurance Coverage in Maryland Through 2002* (www.mhcc.state.md.us/health_care_expenditures/insurance_coverage/mhcc_insurance_report_1103.pdf).

Figure 12: Percent Distribution of Growth in Out-of-Pocket Expenditures by Type of Service, 2001-2002



Most of the increase in consumer out-of-pocket spending in 2002 was associated with greater spending for physician services (31 percent) and other professional services (22 percent). Higher spending for prescription drugs accounted for 18 percent of the increase in total out-of-pocket costs.

Figure 13: Percent Distribution of Growth in Third-Party Expenditures by Type of Service, 2001-2002

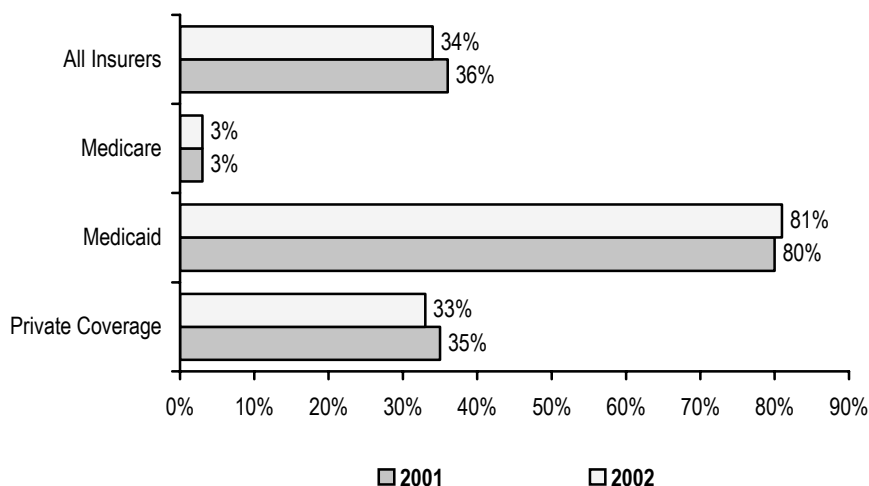


Note: Other Services are omitted.

DID HMOs HAVE A DIFFERENT COST EXPERIENCE?

While HMO enrollment generally stabilized among Medicare and Medicaid enrollees in 2002, private enrollment continued to decline, driving a gradual decline in HMO enrollment among Marylanders as a whole. HMO enrollment dropped from approximately 35 percent of the privately insured population in 2001, to 33 percent in 2002. Approximately 34 percent of all Marylanders were enrolled in an HMO (or Medicaid Managed Care Organization) in 2002.

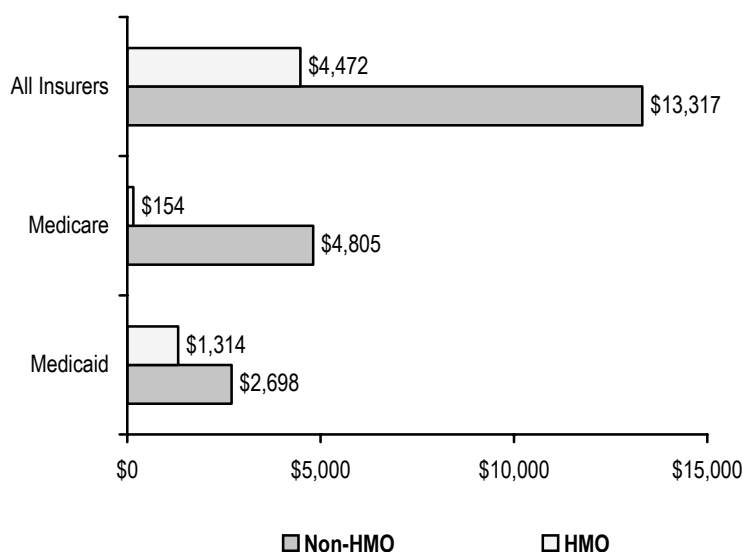
Figure 14: HMO Enrollment as a Percent of Total Enrollment by Insurer, 2001 and 2002



Total expenditures by HMOs in Maryland reflect both the decline in private coverage enrollment in HMOs and an ongoing decline in HMOs' dampening effect on utilization and prices.

Consistent with an ongoing weakening of utilization controls in HMOs, HMO expenditures increased 4 percent in 2002 (compared to 2 percent in 2001), slightly narrowing the wide differential in spending growth between HMO and non-HMO products. In contrast, non-HMO expenditures increased 13 percent—more slowly than their 16 percent growth rate in 2001. The slower rate of growth in non-HMO spending is consistent with both the loss of private insurance coverage (in non-HMO arrangements as well as in HMOs) and the high growth of consumer out-of-pocket spending that occurred in 2002.

**Figure 15: Total Expenditures by Type of Insurer and Delivery System, 2002
(\$ millions)**



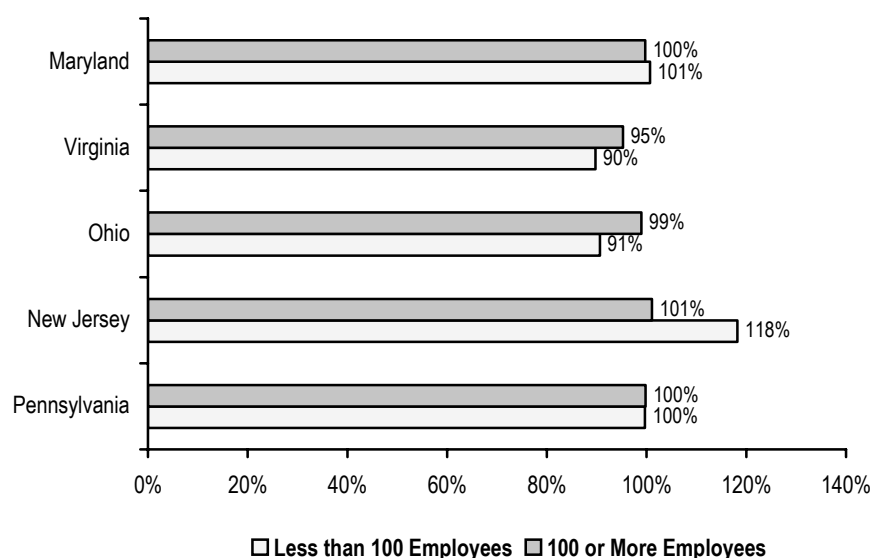
HOW DO MARYLAND'S HEALTH INSURANCE PREMIUMS COMPARE?

Reflecting per capita spending that is very nearly the national average, Maryland's health insurance premiums largely mirror the national average—especially among smaller firms that are more likely to be insured, not self-insured. In 2001 (the most recent year for which representative national data are available), premiums for single coverage in Maryland firms with fewer than 100 employees averaged \$2,981.¹¹ In Maryland firms with 100 or more employees, the average premium for single coverage was slightly lower, \$2,845. Among firms in both size categories, single premiums closely resembled the national averages: \$2,960 in firms with fewer than 100 employees, and \$2,853 for larger firms. But, for family coverage, Maryland's small-firm premiums were about 8 percent less than the national average, while family premiums in larger firms were about 8 percent more than the national average.

¹¹ Statistically representative data for Maryland and the U.S. are calculated from the Medical Expenditure Panel Survey, Insurance Component (MEPS-IC), conducted by the Agency for Healthcare Services and Quality (http://www.meps.ahrq.gov/Data_Pub/IC_TOC.htm).

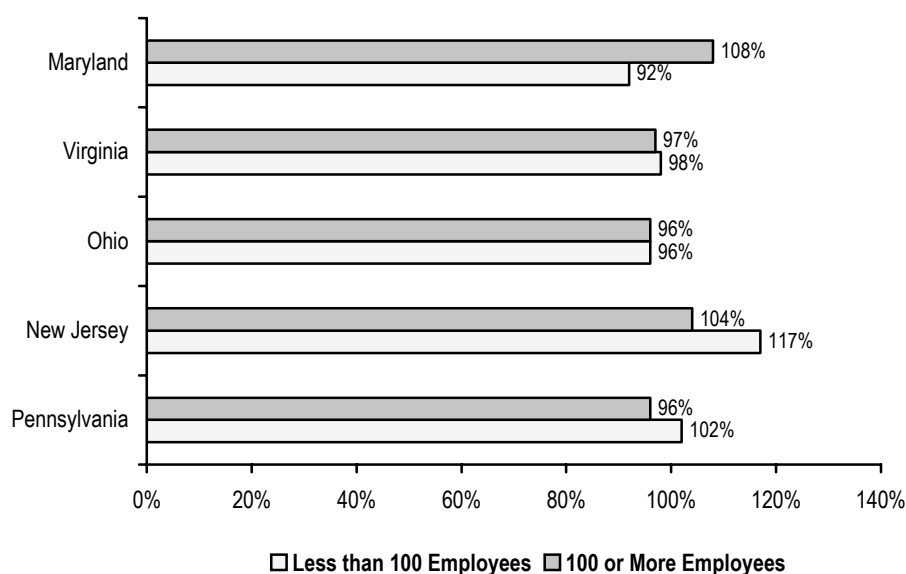
Maryland's average small-firm premiums generally were comparable or lower than those in neighboring states, although this varied for single versus family coverage. In 2001, the average small-firm premium for single coverage – which is chosen by the majority of insured employees in small firms – was much lower than in New Jersey and nearly equal to that in Pennsylvania, but it ranged 11 to 12 percent higher than in Ohio or Virginia. In contrast, Maryland's average small-firm premium for family coverage was lower than in Pennsylvania, New Jersey, Ohio, or Virginia.

Figure 16: Average Employee Premiums for Single Coverage in Maryland and Neighboring States as a Percent of United States Average by Firm Size, 2001



Maryland's average large-firm premiums tended to be above those of neighboring states. For family coverage – which is chosen by the majority of insured employees in larger firms – the state's average premium was consistently higher. But for single coverage, Maryland's premium was comparable to those in New Jersey, Pennsylvania, and Ohio, and only slightly above Virginia's premium.

Figure 17: Average Employee Premiums for Family Coverage in Maryland and Neighboring States as a Percent of United States Average by Firm Size, 2001



Relative to median family income, average group insurance premiums for both single and family coverage in Maryland were below the national averages (Figures 18 & 19).¹² In 2001, in Maryland firms with fewer than 100 employees, the average premium for single coverage was approximately 11 percent of median income, compared to 13 percent nationally; for family coverage, the average premium was 9 percent of median income, compared to 14 percent nationwide. In larger firms, the average premium as a percent of median income was also lower than the national average for both single and family coverage.

The average-premium-relative-to-estimated-median-income percentages for single and family coverage in Maryland tend to be similar to or below those in some neighboring states with similar health insurance markets. For single coverage, the premium percentage for workers in small firms was the same in Maryland as in three neighboring states (Ohio, Pennsylvania, and Virginia) and below that of New Jersey; in large firms, Maryland's single premium percentage was in the middle of those for neighboring states. For family coverage, Maryland's premium

¹² Median family income for single individuals and families was calculated from the March 2002 Current Population Survey for purposes of this analysis. For individuals, median family income was calculated among persons aged 19-64 not living with any relatives (e.g., no spouse or children) employed in a private sector firm with fewer than 100 employees / 100 or more employees. For families, median family income was calculated among persons living with one or more relatives, where at least one family member was aged 19-64 and employed in a private sector firm with fewer than 100 employees / 100 or more employees. Because married persons or single adults with children may purchase single coverage, the comparisons offered in this report are only approximations of actual premium-to-income ratios.

percentages were the lowest: in the small-group, Maryland's percentage was about 4 percentage points lower than in the four neighboring states, and in the large group Maryland's premium percentage was below all of the neighboring states except New Jersey, which had the same premium percentage.

Figure 18: Average Premiums for Single Coverage as a Percent of Estimated Median Income: Private Sector Establishments in Maryland, Neighboring States, and the U.S., 2001

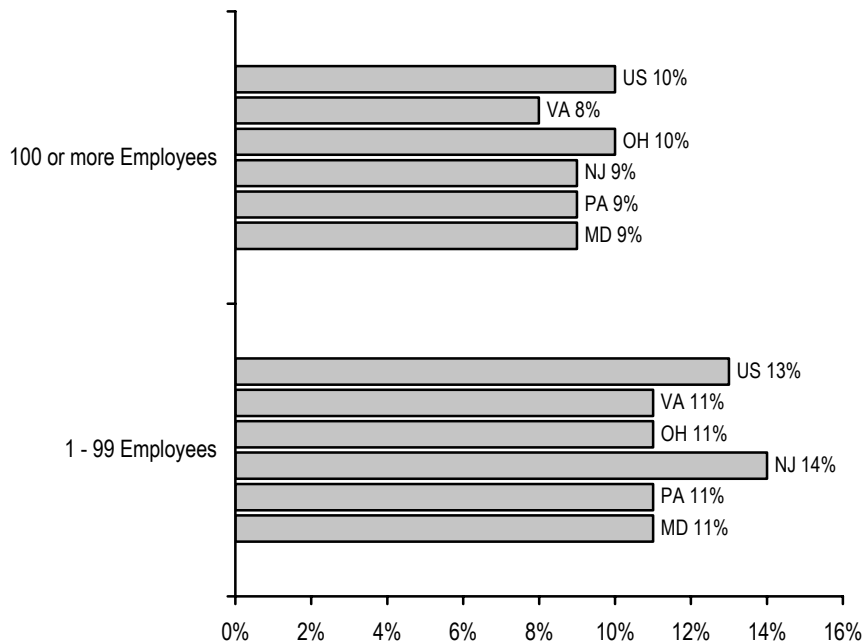
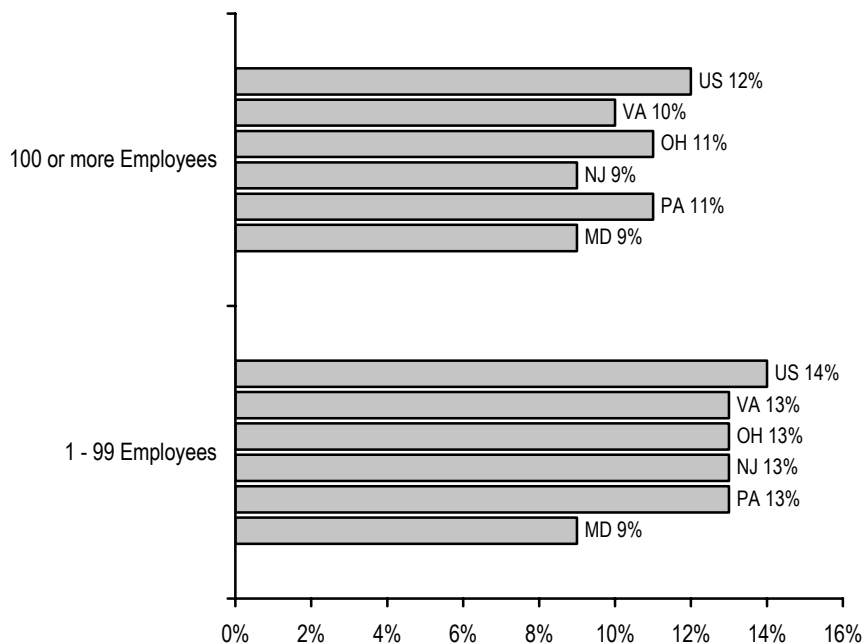
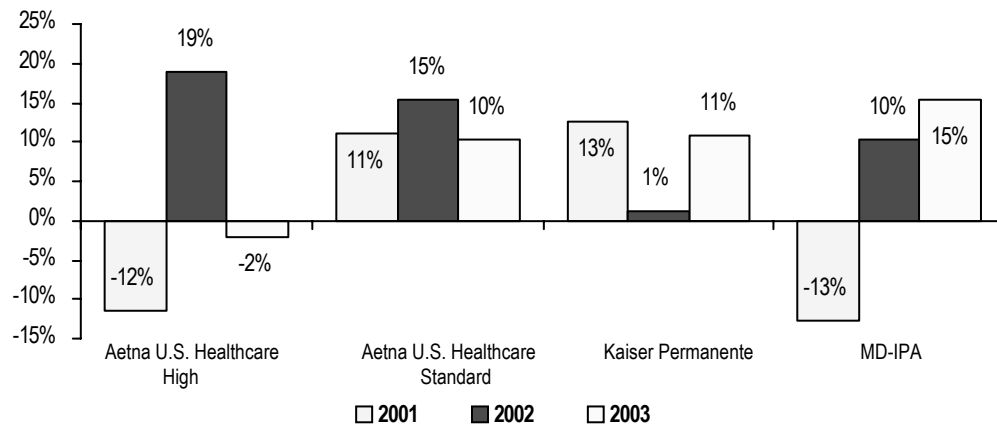


Figure 19: Average Premiums for Family Coverage as a Percent of Estimated Median Income: Private Sector Establishments in Maryland, Neighboring States, and the U.S., 2001



The higher growth of health care spending in Maryland in 2002 compared to 2001 is in general reflected in higher growth of premiums in 2002. Available data for Federal Employee Health Benefit Plans (FEHBP) in Maryland suggests that Maryland's HMO plans raised premiums by a higher percentage in 2002 than in 2001. FEHBP premium changes for 2003 indicate continued high growth for plans that had reduced premiums or raised premiums more modestly in the 2001-2002 period.

Figure 20: Percent Change in FEHBP Family Premiums for Selected Maryland Major Plans, 2001-2003



Note: Care First Blue Choice is not included because of major changes in plan design and service areas.

The balance of this report offers detailed tables of the information presented in the preceding sections. These tables offer additional detail about the changes in health care expenditures and group health insurance premiums that occurred in Maryland in 2002.

Supporting Tables

HEALTH CARE EXPENDITURES BY TYPE OF SERVICE

Table 1A: Total Maryland Expenditures (\$000s), 2002

EXPENDITURE COMPONENTS	GOVERNMENT SECTOR					PRIVATE SECTOR			TOTAL EXPENDITURES
	Medicare		Medicaid		Other Government	Private Coverage		Out-of-Pocket	
	Original	+Choice	Traditional	HealthChoice		Insurers & Self-Funded	HMO		
Total Health Expenditures	\$4,805,348	\$154,386	\$2,698,013	\$1,314,348	\$1,278,903	\$5,813,970	\$3,003,295	\$3,561,140	\$22,629,403
Hospital Services									
Inpatient	2,302,575	53,216	561,596	310,498	295,091	1,655,967	698,147	48,413	5,925,502
Outpatient	625,122	14,448	103,265	129,190	59,249	623,178	290,480	293,740	2,138,672
Physician Services	979,538	57,860	64,320	331,311	140,326	1,513,945	725,599	940,078	4,752,977
Other Professional Services	161,514	1,276	337,054	206,354	484,013	732,563	451,931	1,110,112	3,484,816
Prescription Drugs	-----	6,031	301,676	185,151	132,001	643,310	405,496	412,646	2,086,311
Nursing Home Care	305,219	5,252	820,619	19,073	37,697	86,678	42,884	346,679	1,664,100
Home Health Care	129,984	2,636	424,951	2,039	5,933	32,635	4,466	281,721	884,366
Other Services	152,465	3,959	28,441	9,537	12,508	47,488	20,888	127,572	403,038
Admin. & Net Cost of Insurance	148,931	9,709	56,091	121,196	112,085	478,206	363,405	-----	1,289,621

Table 1B: Total Maryland Expenditures (\$000s), 2001

EXPENDITURE COMPONENTS	GOVERNMENT SECTOR					PRIVATE SECTOR			TOTAL EXPENDITURES
	Medicare		Medicaid		Other Government	Private Coverage		Out-of-Pocket	
	Original	+Choice	Traditional	HealthChoice		Insurers & Self-Funded	HMO		
Total Health Expenditures	\$4,527,200	\$138,633	\$2,392,995	\$1,166,684	\$1,207,314	\$4,893,823	\$2,983,582	\$3,109,596	\$20,419,828
Hospital Services									
Inpatient	2,170,339	47,330	503,048	277,283	279,511	1,398,053	706,260	47,321	5,429,144
Outpatient	561,561	12,246	92,435	116,402	56,433	498,604	296,483	236,001	1,870,165
Physician Services	954,715	52,174	50,152	289,140	134,323	1,274,816	715,958	801,553	4,272,830
Other Professional Services	143,237	1,154	313,488	180,655	459,132	653,522	447,331	1,012,765	3,211,285
Prescription Drugs	-----	5,475	256,949	157,302	114,851	516,314	389,506	332,603	1,773,001
Nursing Home Care	283,910	4,675	764,895	17,741	35,548	77,192	45,187	333,859	1,563,007
Home Health Care	128,263	2,206	335,619	1,791	4,436	27,395	4,434	232,238	736,382
Other Services	136,582	3,427	23,372	8,375	16,580	39,863	20,737	113,257	362,193
Admin. & Net Cost of Insurance	148,594	9,946	53,037	117,996	106,500	408,064	357,686	-----	1,201,822

Table 1C: Rate of Growth in Expenditures by Type of Service and Source of Payment, 2001-2002

EXPENDITURE COMPONENTS	GOVERNMENT SECTOR					PRIVATE SECTOR			TOTAL EXPENDITURES
	Medicare		Medicaid		Other Government	Private Coverage		Out-of-Pocket	
	Original	+Choice	Traditional	HealthChoice		Insurers & Self-Funded	HMO		
Total Health Expenditures	6.1%	11.4%	12.7%	12.7%	5.9%	18.8%	0.7%	14.5%	10.8%
Hospital Services									
Inpatient	6.1	12.4	11.6	12.0	5.6	18.4	-1.1	2.3	9.1
Outpatient	11.3	18.0	11.7	11.0	5.0	25.0	-2.0	24.5	14.4
Physician Services	2.6	10.9	28.2	14.6	4.5	18.8	1.3	17.3	11.2
Other Professional Services	12.8	10.6	7.5	14.2	5.4	12.1	1.0	9.6	8.5
Prescription Drugs	----	10.2	17.4	17.7	14.9	24.6	4.1	24.1	17.7
Nursing Home Care	7.5	12.3	7.3	7.5	6.0	12.3	-5.1	3.8	6.5
Home Health Care	1.3	19.5	26.6	13.9	33.7	19.1	0.7	21.3	20.1
Other Services	11.6	15.5	21.7	13.9	-24.6	19.1	0.7	12.8	11.3
Admin. & Net Cost of Insurance	0.2	-2.4	5.8	2.7	5.2	17.2	1.6	----	7.3

Table 2: Per Capita Expenditures and Rate of Growth by Type of Service, 2001-2002

EXPENDITURE COMPONENTS	2001	2002	PERCENT CHANGE
Total Health Expenditures	\$3,791	\$4,146	9.4%
Hospital Services			
Inpatient	1,008	1,086	7.7
Outpatient	347	392	12.8
Physician Services	793	871	9.8
Other Professional Services	596	638	7.1
Prescription Drugs	329	382	16.1
Nursing Home Care	290	305	5.1
Home Health Care	137	162	18.5
Other Services	67	74	9.8
Administration and Net Cost of Insurance	223	236	5.9

HEALTH CARE EXPENDITURES BY SOURCE OF PAYMENT

Table 3: Expenditures by Selected Source of Payment as a Percent of Total Expenditures, 2002

EXPENDITURE COMPONENTS	MEDICARE	MEDICAID	OTHER GOVERNMENT	PRIVATE COVERAGE	OUT-OF-POCKET	ALL PAYERS
Total Health Expenditures	100%	100%	100%	100%	100%	100%
Hospital Services						
Inpatient	47.5	21.7	23.1	26.7	1.4	26.2
Outpatient	12.9	5.8	4.6	10.4	8.2	9.5
Physician Services	20.9	9.9	11.0	25.4	26.4	21.0
Other Professional Services	3.3	13.5	37.8	13.4	31.2	15.4
Prescription Drugs	0.1	12.1	10.3	11.9	11.6	9.2
Nursing Home Care	6.3	20.9	2.9	1.5	9.7	7.4
Home Health Care	2.7	10.6	0.5	0.4	7.9	3.9
Other Services	3.2	0.9	1.0	0.8	3.6	1.8
Administration and Net Cost of Insurance	3.2	4.4	8.8	9.5	-----	5.7

Note: Types of delivery system are combined within payer groups. Medicare includes Original Medicare and Medicare+Choice, Medicaid includes Traditional Medicaid and HealthChoice, and Private Coverage includes Insurers & Self-Funded and HMO plans.

Table 4: Total Expenditures by Source of Payment and Type of Service, 2001 and 2002 (\$ millions)

EXPENDITURE COMPONENTS	MEDICARE		MEDICAID		OTHER GOVERNMENT		PRIVATE COVERAGE		OUT-OF-POCKET	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
Total Health Expenditures	\$4,665.8	\$4,960.0	\$3,559.7	\$4,012.4	\$1,207.3	\$1,278.9	\$7,877.4	\$8,817.3	\$3,109.6	\$3,561.1
Hospital Services										
Inpatient	2,217.7	2,355.8	780.3	872.1	279.5	295.1	2,104.3	2,354.1	47.3	48.4
Outpatient	573.8	639.6	208.8	232.5	56.4	59.2	795.1	913.7	236.0	293.7
Physician Services	1,006.9	1,037.4	339.3	395.6	134.3	140.3	1,990.8	2,239.5	801.6	940.1
Other Professional Services	144.4	162.8	494.1	543.4	459.1	484.0	1,100.9	1,184.5	1,012.8	1,110.1
Prescription Drugs	5.5	6.0	414.3	486.8	114.9	132.0	905.8	1,048.8	332.6	412.6
Nursing Home Care	288.6	310.5	782.6	839.7	35.5	37.7	122.4	129.6	333.9	346.7
Home Health Care	130.5	132.6	337.4	427.0	4.4	5.9	31.8	37.1	232.2	281.7
Other Services	140.0	156.4	31.7	38.0	16.6	12.5	60.6	68.4	113.3	127.8
Administration and Net Cost of Insurance	158.5	158.6	171.0	177.3	106.5	112.1	765.7	841.6	-----	-----

Note: Types of delivery system are combined within payer groups. Medicare includes Original Medicare and Medicare+Choice, Medicaid includes Traditional Medicaid and HealthChoice, and Private Coverage includes Insurers & Self-Funded and HMO plans.

Table 5: Rate of Growth in Total Expenditures by Source of Payment and Type of Service, 2001-2002

EXPENDITURE COMPONENTS	MEDICARE	MEDICAID	OTHER GOVERNMENT	PRIVATE COVERAGE	OUT-OF-POCKET
Total Health Expenditures	6.3%	12.7%	5.9%	11.9%	14.5%
Hospital Services					
Inpatient	6.2	11.8	5.6	11.9	2.3
Outpatient	11.5	11.3	5.0	14.9	24.5
Physician Services	3.0	16.6	4.5	12.5	17.3
Other Professional Services	12.7	10.0	5.4	7.6	9.6
Prescription Drugs	10.2	17.5	14.9	15.8	24.1
Nursing Home Care	7.6	7.3	6.0	5.9	3.8
Home Health Care	1.6	26.5	33.7	16.6	21.3
Other Services	11.7	19.6	-24.6	12.8	12.8
Administration and Net Cost of Insurance	0.1	3.7	5.2	9.9	-----

Note: Types of delivery system are combined within payer groups. Medicare includes Original Medicare and Medicare+Choice, Medicaid includes Traditional Medicaid and HealthChoice, and Private Coverage includes Insurers & Self-Funded and HMO plans.

Table 6: Per Capita Expenditures by Source of Payment and Type of Service, 2001 and 2002

EXPENDITURE COMPONENTS	MEDICARE		MEDICAID		PRIVATE INSURERS	
	2001	2002	2001	2002	2001	2002
Total Health Expenditures	\$6,951	\$7,262	\$6,748	\$7,127	\$2,157	\$2,446
Hospital Services						
Inpatient	3,304	3,449	1,479	1,549	576	653
Outpatient	855	936	396	413	218	253
Physician Services	1,500	1,519	643	703	545	621
Other Professional Services	215	238	937	965	301	329
Prescription Drugs	8	9	785	865	248	291
Nursing Home Care	430	455	1,484	1,492	34	36
Home Health Care	194	194	640	758	9	10
Other Services	209	229	60	67	17	19
Administration and Net Cost of Insurance	236	232	324	315	210	234

Note: Types of delivery system are combined within payer groups. Medicare includes Original Medicare and Medicare+Choice, Medicaid includes Traditional Medicaid and HealthChoice, and Private Coverage includes Insurers & Self-Funded and HMO plans.

Table 7: Rate of the Growth in Per Capita Expenditures by Source of Payment and Type of Service, 2001-2002

EXPENDITURE COMPONENTS	MEDICARE	MEDICAID	PRIVATE INSURANCE
Total Health Expenditures	4.5%	5.6%	13.4%
Hospital Services			
Inpatient	4.4	4.7	13.4
Outpatient	9.5	4.3	16.1
Physician Services	1.3	9.3	13.9
Other Professional Services	10.7	3.0	9.3
Prescription Drugs	12.5	10.2	17.3
Nursing Home Care	5.8	0.5	5.9
Home Health Care	0.0	18.4	11.1
Other Services	9.6	11.7	11.8
Administration and Net Cost of Insurance	-1.7	-2.8	11.4

Note: Types of delivery system are combined within payer groups. Medicare includes Original Medicare and Medicare+Choice, Medicaid includes Traditional Medicaid and HealthChoice, and Private Coverage includes Insurers & Self-Funded and HMO plans.

Note: 0.0 means less than 0.05 percent.

Table 8: Expenditures by Type of Service as a Percent of Total Expenditures, by Source of Payment, 2002

EXPENDITURE COMPONENTS	GOVERNMENT SECTOR				PRIVATE SECTOR			TOTAL EXPENDITURES
	Medicare	Medicaid	Other Government	Total Government	Private Coverage	Out-of-Pocket	Total Private	
Total Health Expenditures	21.9%	17.7%	5.7%	45.3%	39.0%	15.7%	54.7%	100%
Hospital Services								
Inpatient	40.7	14.7	5.0	59.5	39.7	0.8	40.5	100
Outpatient	30.5	10.9	2.8	43.5	42.7	13.7	56.5	100
Physician Services	21.5	8.3	3.0	33.1	47.1	19.8	66.9	100
Other Professional Services	4.6	15.6	13.9	34.2	34.0	31.9	65.8	100
Prescription Drugs	0.3	23.3	6.3	30.0	50.3	19.8	70.0	100
Nursing Home Care	18.7	50.5	2.3	71.4	7.8	20.8	28.6	100
Home Health Care	14.9	48.3	0.7	63.9	4.2	31.9	36.1	100
Other Services	38.5	9.4	3.1	51.3	17.0	31.7	48.7	100
Administration and Net Cost of Insurance	12.3	13.7	8.7	34.7	65.3	----	65.3	100

Note: Types of delivery system are combined within payer groups. Medicare includes Original Medicare and Medicare+Choice, Medicaid includes Traditional Medicaid and HealthChoice, and Private Coverage includes Insurers & Self-Funded and HMO plans.

Table 9: Percent of the Growth in Expenditures for Sources of Payment Associated with Different Types of Service, 2001-2002

EXPENDITURE COMPONENTS	GOVERNMENT SECTOR		PRIVATE SECTOR		Total
	Medicare	Medicaid	Private Coverage	Out-of-Pocket	
Total Health Expenditures	100%	100%	100%	100%	100%
Hospital Services					
Inpatient	47.0	20.3	26.6	0.2	22.5
Outpatient	22.4	5.2	12.6	12.8	12.2
Physician Services	10.4	12.4	26.5	30.7	21.7
Other Professional Services	6.3	10.9	8.9	21.6	12.4
Prescription Drugs	0.2	16.0	15.2	17.7	14.2
Nursing Home Care	7.4	12.6	0.8	2.8	4.6
Home Health Care	0.7	19.8	0.6	11.0	6.7
Other Services	5.6	1.4	0.8	3.2	1.8
Administration and Net Cost of Insurance	0.0	1.4	8.1	----	4.0

Note: Types of delivery system are combined within payer groups. Medicare includes Original Medicare and Medicare+Choice, Medicaid includes Traditional Medicaid and HealthChoice, and Private Coverage includes Insurers & Self-Funded and HMO plans.
Note: 0.0 means less than 0.05 percent.

**Table 10: Percent of the Growth in Expenditures for Types of Service
Associated with Different Sources of Payment, 2001-2002**

EXPENDITURE COMPONENTS	GOVERNMENT SECTOR					PRIVATE SECTOR			TOTAL EXPENDITURES
	Medicare		Medicaid		Other Government	Private Coverage		Out-of- Pocket	
	Original	+Choice	Traditional	HealthChoice		Insurers & Self-Funded	HMO		
Total Health Expenditures	12.6%	0.7%	13.8%	6.7%	3.2%	41.6%	0.9%	20.6%	100%
Hospital Services									
Inpatient	26.6	1.2	11.8	6.7	3.1	52.0	-1.6	0.2	100
Outpatient	23.7	0.8	4.0	4.8	1.0	46.4	-2.2	21.5	100
Physician Services	5.2	1.2	3.0	8.8	1.3	49.8	2.0	28.9	100
Other Professional Services	6.7	0.0	8.6	9.4	9.1	28.9	1.7	35.6	100
Prescription Drugs	-----	0.2	14.3	8.9	5.5	40.5	5.1	25.5	100
Nursing Home Care	21.1	0.6	55.1	1.3	2.1	9.4	-2.3	12.7	100
Home Health Care	1.2	0.3	60.4	0.2	1.0	3.5	0.0	33.4	100
Other Services	38.9	1.3	12.4	2.8	-10.0	18.7	0.4	35.5	100
Administration and Net Cost of Insurance	0.4	-0.3	3.5	3.6	6.4	79.9	6.5	-----	100

Note: 0.0 means less than 0.05 percent.

HMO ENROLLMENT

**Table 11: HMO Enrollment: Number and Share of Total Enrollment by Insurer,
2001 and 2002**

YEAR	HMO ENROLLMENT NUMBER			
	Medicare	Medicaid	Private Coverage	All Insurers
2001	20,080	421,960	1,288,722	1,730,762
2002	21,009	454,308	1,197,351	1,672,668
YEAR	PERCENT OF TOTAL ENROLLMENT			
	Medicare	Medicaid	Private Coverage	All Insurers
2001	3.0	80.0	35.3	35.7
2002	3.1	80.7	33.2	34.5

Table 12: Rate of Growth in HMO Enrollment by Insurer: 1995-2002

YEAR	MEDICARE	MEDICAID	PRIVATE COVERAGE	ALL INSURERS
2001-02	4.6%	7.7%	-7.1%	-3.4%
2000-01	-71.6	8.5	-9.3	-7.9
1999-00	-19.5	10.0	-2.0	-0.6
1998-99	-3.1	11.4	-1.6	0.3
1997-98	5.3	79.4	-0.4	7.1
1996-97	125.0	30.4	5.6	10.1
1995-96	131.8	-0.1	6.6	7.3

PREMIUMS

Table 13: Percent Change in Premiums for Maryland HMO FEHBP Plans, 2000-2003

PLAN	SELF ONLY			SELF AND FAMILY		
	Percent Change					
	2000-2001	2001-2002	2002-2003	2000-2001	2001-2002	2002-2003
Aetna U.S. Healthcare High	-2.87%	18.6%	4.4%	-11.5%	18.8%	-2.0%
Aetna U.S. Healthcare Std	11.3	15.3	10.3	11.1	15.3	10.3
Capital Care	25.4	----	----	0.6	----	----
Kaiser Permanente	12.5	1.2	12.6	12.6	1.1	10.9
MD-IPA	4.1	10.7	-12.7	-12.7	10.3	15.5

Source: Office of Personnel Management, Federal Employees Health Benefit Guides, <http://www.opm.gov/insure/health/guides/index.asp>.

**Table 14: Average Premiums per Enrolled Employee in Private Sector
Establishments: Selected States and United States, 2001**

STATE	SINGLE COVERAGE		FAMILY COVERAGE	
	Less than 100 Employees	100 or More Employees	Less than 100 Employees	100 or More Employees
Maryland	\$2,981	\$2,845	\$7,052	\$8,024
Pennsylvania	2,950	2,847	7,856	7,173
New Jersey	3,498	2,884	8,987	7,790
Ohio	2,683	2,823	7,345	7,166
Virginia	2,656	2,718	7,549	7,247
United States	2,960	2,853	7,685	7,461

Source: 2001 Medical Expenditures Panel Survey, Agency for Healthcare Research and Quality,
<http://www.meps.ahrq.gov/>

**Table 15: Average Premiums per Enrolled Employee in Private Sector
Establishments as a Percent of Median Income:
Selected States and United States, 2001**

STATE	SINGLE COVERAGE		FAMILY COVERAGE	
	Less than 100 Employees	100 or More Employees	Less than 100 Employees	100 or More Employees
Maryland	11.1%	9.5%	9.4%	9.4%
Pennsylvania	11.3	9.4	13.4	10.6
New Jersey	14.0	9.4	12.6	9.0
Ohio	11.2	9.7	12.7	10.9
Virginia	10.6	8.5	12.8	10.3
United States	12.8	10.0	13.7	11.5

Sources: 2001 Medical Expenditures Panel Survey, Agency for Healthcare Research and Quality,
<http://www.meps.ahrq.gov/> and Current Population Survey, March 2002 Supplement.

UNITED STATES HEALTH EXPENDITURE ESTIMATES AND PROJECTIONS

Table 16: Total Expenditures and Rate of Growth, United States (\$ millions), 2001-2002

EXPENDITURE COMPONENTS	2001	2002	PERCENT CHANGE
Total Health Expenditures	\$1,186,363	\$1,291,268	8.8%
Hospital Services	399,695	429,390	7.4
Physician Services	281,001	299,349	6.5
Other Professional Services	104,143	110,818	6.4
Prescription Drugs	139,406	159,280	14.3
Nursing Home Care	93,142	98,077	5.3
Home Health Care	31,825	34,762	9.2
Other Services	49,483	51,172	3.4
Administration and Net Cost of Insurance	87,668	108,420	23.7

Source: National health expenditure (NHE) estimates and projections are developed by the Centers for Medicare and Medicaid Services, Office of the Actuary. For the purpose of comparison, the NHE estimates are adjusted to parallel Maryland State Health Expenditure Account (SHEA) sources of payment and service types. For details see http://www.mhcc.state.md.us/health_care_expenditures/she02/technicalnotes.pdf.

Table 17: Per Capita Expenditures and Rate of Growth, United States, 2001-2002

EXPENDITURE COMPONENTS	2001	2002	PERCENT CHANGE
Total Health Expenditures	\$4,161	\$4,484	7.8%
Hospital Services	1,402	1,491	6.4
Physician Services	986	1,040	5.5
Other Professional Services	365	385	5.3
Prescription Drugs	489	553	13.1
Nursing Home Care	327	341	4.2
Home Health Care	112	121	8.1
Other Services	174	178	2.4
Administration and Net Cost of Insurance	308	376	22.4

Source: National health expenditure (NHE) estimates and projections are developed by the Centers for Medicare and Medicaid Services, Office of the Actuary. For the purpose of comparison, the NHE estimates are adjusted to parallel Maryland State Health Expenditure Account (SHEA) sources of payment and service types. For details see http://www.mhcc.state.md.us/health_care_expenditures/she02/technicalnotes.pdf.

**Table 18: Percent of Total Expenditures by Type of Service,
United States, 2001-2002**

EXPENDITURE COMPONENTS	2001	2002
Total Health Expenditures	100%	100%
Hospital Services	33.7	33.3
Physician Services	23.7	23.2
Other Professional Services	8.8	8.6
Prescription Drugs	11.8	12.3
Nursing Home Care	7.9	7.6
Home Health Care	2.7	2.7
Other Services	4.2	4.0
Administration and Net Cost of Insurance	7.4	8.4

Source: National health expenditure (NHE) estimates and projections are developed by the Centers for Medicare and Medicaid Services, Office of the Actuary. For the purpose of comparison, the NHE estimates are adjusted to parallel Maryland State Health Expenditure Account (SHEA) sources of payment and service types. For details see http://www.mhcc.state.md.us/health_care_expenditures/she02/technicalnotes.pdf.

**Table 19: Expenditures and Percent of Total Expenditures by Source of Payment,
United States, 2002 (\$ millions)**

EXPENDITURE COMPONENTS	2002	PERCENT OF TOTAL
Total Health Expenditures	\$1,291,268	100%
Medicare	254,415	19.7
Medicaid	221,417	17.1
Other Government	46,435	3.6
Private Insurance	550,991	42.7
Out-of-Pocket	218,010	16.9



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